

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: : **Chapter 11**
:
SEARS HOLDINGS CORPORATION, et al., : **Case No. 18-23538 (RDD)**
:
Debtors.¹ : **(Jointly Administered)**
:
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**FIFTH MONTHLY FEE STATEMENT OF ALVAREZ & MARSAL
NORTH AMERICA, LLC FOR COMPENSATION EARNED AND
EXPENSES INCURRED FOR MARCH 1, 2019 THROUGH MARCH 31, 2019**

Name of Applicant: Alvarez & Marsal North America, LLC

Authorized to Provide Professional Services Debtors and Debtors in Possession
to:

Date of Retention: November 13, 2018, *nunc pro tunc* to
October 15, 2018

Period for which compensation and March 1, 2019 through March 31, 2019
reimbursement is sought:

Monthly Fees Incurred: \$41,840.00

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); SHC Licensed Business LLC (3718); SHC Promotions LLC (9626); Sears Brands Management Corporation (5365), and SRE Holding Corporation (4816). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

20% Holdback: \$8,368.00
Total Compensation Less 20% Holdback: \$33,472.00
Monthly Expenses Incurred: \$119.54
Total Fees and Expenses Due: \$33,591.54

This is a: X monthly interim final application

In accordance with the *Order Authorizing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [ECF No. 796] (the “Interim Compensation Order”),² Alvarez & Marsal North America, LLC (“A&M”) hereby submits this fifth monthly fee statement (the “Fifth Monthly Fee Statement”), seeking compensation for services rendered and reimbursement of expenses incurred as financial advisor to the Debtors, for the period from March 1, 2019 through March 31, 2019 (the “Fifth Monthly Fee Period”). By this Fifth Monthly Fee Statement, A&M seeks payment in the amount of \$33,591.54, which comprises (i) \$33,472.00, representing eighty percent (80%) of the total amount of compensation sought for actual and necessary services rendered during the Fifth Monthly Fee Period, and (ii) reimbursement of \$119.54, representing one hundred percent (100%) of actual and necessary expenses incurred in connection with such services.

Services Rendered and Expenses Incurred

Attached are the following schedules in support of this Fifth Monthly Fee Statement:

- Exhibit A - Summary of Time Detail by Task
- Exhibit B - Time Detail by Activity by Professional
- Exhibit C - Expense Detail by Category.

² Capitalized terms used herein but not otherwise defined herein have the meanings ascribed to them in the Interim Compensation Order.

Notice and Objection Procedures

Notice of this Fifth Monthly Fee Statement shall be given by hand or overnight delivery or email where available upon (i) Sears Holdings Corporation, 3333 Beverly Road, Hoffman Estates, Illinois 60179, Attention: Rob Riecker (email: Rob.Riecker@searshc.com) and Luke Valentino (email: Luke.Valentino@searshc.com); (ii) counsel to the Debtors, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153, Attention: Ray C. Schrock (email: ray.schrock@weil.com), Jacqueline Marcus (email: jacqueline.marcus@weil.com), Garrett A. Fail (email: garrett.fail@weil.com), and Sunny Singh (email: sunny.singh@weil.com); (iii) William K. Harrington, the United States Trustee, U.S. Federal Office Building, 201 Varick Street, Suite 1006, New York, NY 10014, Attention: Paul Schwartzberg (e-mail: paul.schwartzberg@usdoj.gov) and Richard Morrissey (e-mail: richard.morrissey@usdoj.gov); (iv) counsel to the Official Committee of Unsecured Creditors, Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York, 10036, Attention: Philip C. Dublin (email: pdublin@akingump.com), Ira Dizengoff (email: idizengoff@akingump.com), and Sara Lynne Brauner (email: sbrauner@akingump.com); and (v) counsel to Bank of America, N.A., Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, NY 10036, Attention: Paul D. Leake (email: paul.leake@skadden.com), Shana A. Elberg (email: shana.elberg@skadden.com) and George R. Howard (email: george.howard@skadden.com) (collectively, the “Notice Parties”).

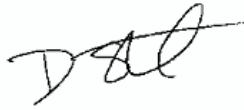
Objections to this Fifth Monthly Fee Statement, if any, must be filed with the Court and served upon the Notice Parties so as to be received no later than **April 26, 2019** (the “Objection Deadline”), setting forth the nature of the objection and the amount of fees or expenses at issue (an “Objection”).

If no objections to this Fifth Monthly Fee Statement are filed and served as set forth above, the Debtors shall promptly pay eighty percent (80%) of the fees and one hundred percent (100%) of the expenses identified herein.

If an objection to this Fifth Monthly Fee Statement is received on or before the Objection Deadline, the Debtors shall withhold payment of that portion of this Fifth Monthly Fee Statement to which the objection is directed and promptly pay the remainder of the fees and disbursements in the percentages set forth above. To the extent such an objection is not resolved, it shall be preserved and scheduled for consideration at the next interim fee application hearing to be heard by the Court.

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Dated: April 11, 2019



Dennis Stogsdill
Managing Director
Alvarez & Marsal North America, LLC



Alvarez & Marsal North America, LLC
600 Madison Avenue, 8th Floor
New York, NY 10022
Phone: +1 212 759 4433
Fax: +1 212 759 5532

April 11, 2019

Sears Holdings Corporation
3333 Beverly Road
Hoffman Estates, IL 60179

Dear Sir or Madam,

Pursuant to the Bankruptcy Court's Order authorizing the retention of Alvarez & Marsal North America, LLC ("A&M") as the financial advisor to the Restructuring Sub-Committee ("RSC") of Sears Holdings Corporation, *et al*, ("Sears" or the "Debtor") with respect to all RSC Conflict Matters *Nunc Pro Tunc* to October 15, 2018, dated November 13, 2018 (the "Retention Order") and the engagement letter between A&M and the Debtor dated October 15, 2018 (the "Engagement Letter"), A&M submits this statement detailing professional fees and expenses in connection with the work completed on behalf of the Debtor for the period from March 1, 2019 through March 31, 2019 (the "Covered Period").

During the Covered Period, A&M rendered professional services totaling \$41,840.00 and incurred expenses related to these services in the amount of \$119.54. A&M is eligible for payment of 80% of the fees incurred and 100% of the expenses incurred pending the fifteen (15) day objection period. Accordingly, the total amount payable herein pending no objections is \$33,591.54.

Attached are the following schedules in support of this monthly statement:

- Exhibit A - Summary of Time Detail by Task;
- Exhibit B - Time Detail by Activity by Professional;
- Exhibit C - Expense Detail by Category

Please do not hesitate to contact me with any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'D Stogsdill'.

Dennis Stogsdill
Managing Director
Alvarez & Marsal North America LLC

Invoice for Professional Fees and Out of Pocket Expenses
For the period of March 1 - March 31, 2019

| Professional Name | Position | Hours | | Fees |
|---|-------------------|-------------|-----------|------------------|
| <u>Restructuring</u> | | | | |
| Nick Grossi | Managing Director | 8.7 | \$875 | \$ 7,612.50 |
| Brian Corio | Senior Director | 2.6 | \$800 | 2,080.00 |
| Jonah Galaz | Senior Associate | 13.1 | \$625 | 8,187.50 |
| Jordan Kravette | Analyst | 19.0 | \$450 | 8,550.00 |
| | | 43.4 | | 26,430.00 |
| <u>Disputes & Investigations</u> | | | | |
| Karen Engstrom | Managing Director | 11.9 | \$800 | 9,520.00 |
| Edward McDonough | Managing Director | 6.8 | \$800 | 5,440.00 |
| Bethany Benesh | Senior Associate | 1.2 | \$375 | 450.00 |
| | | 19.9 | | \$ 15,410.00 |
| Total Professional Hours & Fees | | 63.3 | \$ | 41,840.00 |
| Out of Pocket Expenses: ² | | | | |
| | Phone/Internet | | | 119.54 |
| Total Expenses | | | \$ | 119.54 |
| Total Invoice | | | \$ | 41,959.54 |
| Amount to be Paid (80% Fees + 100% Expenses) | | | \$ | 33,591.54 |

(1) In accordance with A&M's Engagement Letter, billing rates for select individuals have increased in FY19 in line with A&M rate adjustments

(2) Includes select expenses from prior months as all expenses must clear A&M internal review and audit before they are submitted on invoice, as such, delayed submissions may appear from time to time.

Exhibit A

| Matter | Description | Total Hours | Total Fees |
|--------------------|--|--------------------|---------------------|
| Accounting | Assist with the development and execution of the company's accounting, finance and treasury processes, controls and support information requirements, including cut-off and determination and analysis of liabilities subject to compromise. | 3.5 | \$ 3,062.50 |
| Bankruptcy Support | Advise and assist the company on matters concerning operating the business under Chapter 11, including initial operating reports, monthly operating reports, statements & schedules and other reporting requirements. | 5.2 | 4,550.00 |
| Fee Applications | Prepare monthly fee statements, interim and final fee applications in accordance with court guidelines. | 6.7 | 3,015.00 |
| Investigation | Independent investigation on behalf of the Restructuring Subcommittee regarding the financial condition of the Debtors at the time of various asset transfer/sales and financings. | 47.9 | 31,212.50 |
| Total | | 63.3 | \$ 41,840.00 |

Accounting

| Name | Date | Matter Code | Duration | Description |
|-------------|-----------|-------------|----------|---|
| Nick Grossi | 3/21/2019 | ACT | 3.5 | Review proposed legal entity asset allocation model from Debtor advisor and participate in discussion with Frantz (M-III) to review |

Bankruptcy Support

| Name | Date | Matter Code | Duration | Description |
|-------------|-----------|-------------|----------|--|
| Nick Grossi | 3/30/2019 | BNK | 2.0 | Review intercompany matrix |
| Nick Grossi | 3/31/2019 | BNK | 3.2 | Prepare and participate in discussion with Murphy (M-III) related to intercompany matrix and review of documentation |

Fee Application

| Name | Date | Matter Code | Duration | Description |
|-----------------|-----------|-------------|----------|---|
| Jordan Kravette | 3/8/2019 | FEE | 1.0 | Prepare fee application |
| Jordan Kravette | 3/9/2019 | FEE | 1.0 | Prepare fee application |
| Jordan Kravette | 3/11/2019 | FEE | 0.3 | Prepare fee application |
| Jordan Kravette | 3/16/2019 | FEE | 0.3 | Incorporate edits to fee application |
| Jordan Kravette | 3/19/2019 | FEE | 0.3 | Prepare multiple emails regarding interim fee application |
| Jordan Kravette | 3/24/2019 | FEE | 0.9 | Prepare interim fee application |
| Jordan Kravette | 3/25/2019 | FEE | 0.8 | Prepare interim fee application |
| Jordan Kravette | 3/25/2019 | FEE | 0.7 | Prepare interim fee application |
| Jordan Kravette | 3/29/2019 | FEE | 1.4 | Prepare interim fee application |

Investigation

| Name | Date | Matter Code | Duration | Description |
|------------------|-----------|-------------|----------|--|
| Karen Engstrom | 3/3/2019 | INV | 1.1 | Respond to follow up inquiries from Paul Weiss |
| Jonah Galaz | 3/3/2019 | INV | 0.9 | Review and revise historical performance charts for Paul Weiss |
| Karen Engstrom | 3/4/2019 | INV | 0.5 | Respond to follow up inquiries from Paul Weiss |
| Karen Engstrom | 3/4/2019 | INV | 3.8 | Review and provide edits on draft complaint for Paul Weiss |
| Jonah Galaz | 3/4/2019 | INV | 0.2 | Review historical performance charts for Paul Weiss |
| Jonah Galaz | 3/4/2019 | INV | 0.5 | Revise historical performance charts for Paul Weiss |
| Jonah Galaz | 3/5/2019 | INV | 0.6 | Prepare charts summarizing historical forecast to actuals for Paul Weiss |
| Jonah Galaz | 3/6/2019 | INV | 0.7 | Review and summarize the Debtors' settlement with claimant |
| Karen Engstrom | 3/7/2019 | INV | 1.4 | Respond to follow up inquiries from Paul Weiss |
| Karen Engstrom | 3/8/2019 | INV | 0.4 | Respond to follow up inquiries from Paul Weiss |
| Jonah Galaz | 3/9/2019 | INV | 0.4 | Review claim balance reconciliation |
| Jonah Galaz | 3/9/2019 | INV | 0.3 | Correspondence with Frantz (M-III), Khan (Sears), and Goodin (Sears) regarding claim balances |
| Jonah Galaz | 3/9/2019 | INV | 0.9 | Review claim reconciliation from Cleary |
| Jonah Galaz | 3/10/2019 | INV | 2.3 | Prepare facility level reconciliation for claims and credit bids |
| Jonah Galaz | 3/10/2019 | INV | 0.3 | Correspondence with Khan (Sears), Goodin (Sears) and M-III regarding claim and credit bid reconciliation |
| Karen Engstrom | 3/11/2019 | INV | 0.5 | Analysis of debtor balance sheet |
| Karen Engstrom | 3/11/2019 | INV | 0.3 | Teleconference with Avidan (Paul Weiss) and McDonough (A&M) regarding draft complaint |
| Edward McDonough | 3/11/2019 | INV | 0.3 | Teleconference with Avidan (Paul Weiss) and Engstrom (A&M) regarding draft complaint |
| Jonah Galaz | 3/11/2019 | INV | 0.3 | Follow ups with Khan (Sears), Goodin (Sears) and M-III regarding claim and credit bid reconciliation |
| Jonah Galaz | 3/11/2019 | INV | 0.5 | Review and revise credit bid reconciliation |
| Jonah Galaz | 3/11/2019 | INV | 0.4 | Correspondence with Weil, M-III, A&M and the Company regarding credit bid reconciliation |
| Karen Engstrom | 3/12/2019 | INV | 0.3 | Review debt and guarantee charts provided by Paul Weiss |
| Karen Engstrom | 3/12/2019 | INV | 1.2 | Prepare list of additional information required to assess solvency |
| Edward McDonough | 3/12/2019 | INV | 0.3 | Analysis of debtor balance sheet |
| Jonah Galaz | 3/13/2019 | INV | 0.4 | Correspondence with Smith (ESL) regarding reconciling differences for credit bid and claims |

Investigation

| Name | Date | Matter Code | Duration | Description |
|------------------|-----------|-------------|----------|--|
| Brian Corio | 3/14/2019 | INV | 1.4 | Review asset transaction transfer schedules and provide comments |
| Jonah Galaz | 3/14/2019 | INV | 0.6 | Correspondence with Smith (ESL) regarding reconciling differences for credit bid and claims |
| Jordan Kravette | 3/14/2019 | INV | 2.9 | Review documents and respond to Paul Weiss questions regarding debtor real estate |
| Jordan Kravette | 3/14/2019 | INV | 0.2 | Participate in call with Lii and Giller (Paul Weiss) regarding debtor-entity matters |
| Jordan Kravette | 3/14/2019 | INV | 0.5 | Review files related to debtor real estate |
| Jordan Kravette | 3/14/2019 | INV | 0.3 | Draft multiple emails related to debtor real estate |
| Brian Corio | 3/15/2019 | INV | 0.4 | Review asset transaction transfer schedules and provide comments |
| Jonah Galaz | 3/15/2019 | INV | 0.4 | Review claim reconciliation analysis |
| Jonah Galaz | 3/15/2019 | INV | 0.4 | Correspondence with Smith (ESL) regarding reconciling differences for credit bid and claims |
| Jordan Kravette | 3/15/2019 | INV | 2.1 | Respond to follow up inquiries from Paul Weiss |
| Jordan Kravette | 3/15/2019 | INV | 0.3 | Review files related to debtor real estate |
| Jordan Kravette | 3/15/2019 | INV | 0.2 | Draft emails to Paul Weiss regarding real estate |
| Jonah Galaz | 3/18/2019 | INV | 0.3 | Correspondence with Weil, M-III, A&M and the Company regarding credit bid reconciliation |
| Karen Engstrom | 3/19/2019 | INV | 1.4 | Respond to follow up inquiries from Paul Weiss |
| Jonah Galaz | 3/19/2019 | INV | 0.7 | Review M-III legal entity solvency analysis |
| Karen Engstrom | 3/20/2019 | INV | 0.3 | Prepare list of additional information required to assess solvency |
| Edward McDonough | 3/20/2019 | INV | 1.2 | Draft document request |
| Brian Corio | 3/20/2019 | INV | 0.8 | Review recovery schedules provided by M-III |
| Jonah Galaz | 3/20/2019 | INV | 0.5 | Review M-III legal entity solvency analysis |
| Jordan Kravette | 3/20/2019 | INV | 0.9 | Analyze asset transaction schedules |
| Jonah Galaz | 3/21/2019 | INV | 1.2 | Prepare for and participate in call with Frantz (M-III) and Grossi (A&M) regarding solvency analysis |
| Jonah Galaz | 3/21/2019 | INV | 0.3 | Provide input on documents related to solvency |
| Jordan Kravette | 3/21/2019 | INV | 1.1 | Assist in solvency review |
| Jordan Kravette | 3/21/2019 | INV | 1.3 | Review documents provided by Paul Weiss regarding legal entities |
| Jordan Kravette | 3/21/2019 | INV | 0.3 | Participate in call with Giller (Paul Weiss) regarding legal entities |
| Jordan Kravette | 3/22/2019 | INV | 2.0 | Review documents related to debtor legal entities |
| Jordan Kravette | 3/22/2019 | INV | 0.2 | Review documents and email finding to Paul Weiss |
| Karen Engstrom | 3/25/2019 | INV | 0.3 | Respond to follow up inquiries from Paul Weiss |
| Edward McDonough | 3/25/2019 | INV | 1.4 | Draft interview questions for trademark |
| Edward McDonough | 3/26/2019 | INV | 2.4 | Draft interview questions for trademark |
| Bethany Benesh | 3/26/2019 | INV | 1.2 | Perform trademark analysis for interview questions |
| Karen Engstrom | 3/27/2019 | INV | 0.4 | Prepare interview questions regarding trademarks |
| Edward McDonough | 3/27/2019 | INV | 0.6 | Draft interview questions for trademark |
| Edward McDonough | 3/31/2019 | INV | 0.6 | Conference call with Miller, Sarathy, Hurwitz (Paul Weiss) regarding trademarks |

Exhibit C

| Name | Item / Description | Expense Type | Date | Amount |
|-----------------|--|----------------|-----------|--------|
| Nick Grossi | 02/13/2019 - 03/12/2019 Wireless Usage Charges | Phone/Internet | 3/1/2019 | 47.05 |
| Jonah Galaz | 02/13/2019 - 03/12/2019 Wireless Usage Charges | Phone/Internet | 3/12/2019 | 12.77 |
| Andrew Gasbarra | 02/13/2019 - 03/12/2019 Wireless Usage Charges | Phone/Internet | 3/1/2019 | 59.72 |
| | | | \$ | 119.54 |